

Fred Meyer

Definition of employee

As a general rule, an *employee* is anyone who performs services for Fred Meyer where Fred Meyer:

- ♦ Is able to control the method and result of the services, even if the worker has freedom of action
- ♦ Provides the tool, work space, and materials
- ♦ Has the right to terminate the individuals' employment

Independent contractor or employee

The following table is based on IRS guidelines, which are designed to help employers identify whether a worker is considered an employee or an independent contractor under federal laws.

Ask these questions	If yes, the worker is a/an...	Advice
Will Fred Meyer require the worker to comply with instructions about when, where, and how (s)he is to work?	Employee	Don't give independent contractors instructions about when, where, and how they are to work. If instructions must be given, keep them general and minimal.
Will Fred Meyer train the worker so the services are performed in a particular manner?	Employee	Don't train independent contractors by requiring experienced employees to work with them, by corresponding with them, or by requiring them to attend meetings. Avoid providing any training.
Does the success or continuation of Fred Meyer depend, to an appreciable degree, upon the performance of the worker's services?	Employee	Contractors will no doubt have to be merged into the business operations to some extent. Whether or not the success or continuation of the business would depend to an appreciable degree on the performance of the contractor's service is an extremely difficult determination to make.
Does Fred Meyer require that the service be done by the worker personally?	Employee	Don't insist on independent contractors having to perform the services personally. Deny any interest in how contractors perform their work.
Will Fred Meyer hire, supervise, and pay assistants for a worker?	Employee	Don't hire, supervise, or pay independent contractors' assistants. Have the contracts provide that the contractors are to supply materials and labor and that they are responsible only for the completed job.
<i>Continued on the next page...</i>		

FredMeyer

Ask these questions	If yes, the worker is a/an...	Advice
Is work performed at frequently recurring intervals between Fred Meyer and the worker?	Employee	Don't have independent contractors put on call or be responsible for reporting whenever work is available.
Does Fred Meyer set the hours of work for the worker?	Employee	Allow independent contractors to set their own schedules to the greatest possible extent.
Is the worker free to work when and for whom (s)he chooses?	Contractor	Allow independent contractors to work when they choose.
Does Fred Meyer require that the work be performed on the business's premises?	Employee	In certain instances independent contractors must perform their work at the business's premises, but they should have a separate business address.
Is the worker free to follow his or her own pattern of work not established by the routines and schedules of Fred Meyer?	Contractor	When possible, allow independent contractors the freedom to follow their own routines and schedules.
Does Fred Meyer require that the worker submit regular oral or written reports?	Employee	Don't require independent contractors to submit regular oral or written reports.
Is the worker paid by the hour, week, or month?	Employee	Avoid paying independent contractors by the hour, week, or month as this is a strong indication that an employer-employee relationship exists. Don't guarantee a minimum salary. Don't offer contractors any employee fringe benefits. Don't provide a drawing account of a specified amount at stated intervals without requiring contractors to repay any excess drawn over commissions earned. Pay by the job or on a straight commission basis.
Does Fred Meyer pay the worker's business and traveling expenses?	Employee	Don't pay independent contractors' business and/or traveling expenses. If contractors want to bill for expenses, try to persuade them to estimate their own expenses and incorporate the expenses into the contract price.
<i>Continued on the next page...</i>		

Fred Meyer

Ask these questions	If yes, the worker is a/an...	Advice
Does Fred Meyer furnish the worker with tools, materials, and other equipment?	Employee	Require independent contractors to furnish their own tools, materials, and other equipment necessary to perform the services and sustain their own business. If they don't have their own tools, materials, or equipment, require them to get their own, either by purchase or lease. As a last resort, the business can sell or lease the tools, materials, or equipment to the worker.
Does the worker invest in the facilities used by the worker in performing services?	Contractor	Work with independent contractors who significantly invest in facilities (such as a private office) that are used in performing services and that are not typically maintained by employees.
Does the worker realize a profit or suffer a loss as a result of his services?	Contractor	Deal with independent contractors who bear the risk of capital investment in their own independent business. Look for contractors who hire, direct, and pay their own assistants, have their own offices, equipment, materials, and/or other work facilities, have continuing and recurring liabilities or obligations, have their success or failure hanging on the relation of their receipts to their expenditures, agree to perform upon in advance, agree to pay expenses related to the service performed, and have an independent reputation.
Does the worker perform more than minimal services for a number of unrelated business at the same time?	Contractor	Explicitly allow independent contractors to perform services for others during the term of the contract.
Does the worker make his or her services available to the general public?	Contractor	Look for independent contractors, who have their own separate identities, offices, and assistants, hold business licenses, are listed in the business directories or maintain business listings in telephone directories, and who advertise in newspapers, trade journals, magazines, etc.
Can Fred Meyer exercise control through the threat of dismissal?	Employee	Don't retain a right to fire contractors. Instead, include language in the contract that makes contractors liable only if they fail to meet contractual responsibilities.
Does the worker have the right to end his or her relationship with Fred Meyer at any time (s)he wishes without incurring liability?	Employee	Don't give independent contractors the right to end their relationships at any time they wish without incurring liability. Instead, provide that the contractor is legally obligated to make good for failure to complete the job.



Sample contract agreement

All agreements between Fred Meyer and an independent contractor should be in writing. The agreement must clearly spell out the rights and obligations of both Fred Meyer and the contractor and contain a separate paragraph which states that the contractor is an independent contractor and not an employee.

Any questions of a legal nature regarding agreements between Fred Meyer and the independent contractor should be directed to the Vice President, Senior Counsel. A sample of a contract used by the information services department is provide on the following pages. See paragraph V.2 for an example of an independent contract provision.

FredMeyer

Sample Contract Agreement

FRED MEYER IS PROFESSIONAL SERVICES MASTER AGREEMENT

This agreement made this ____ day of _____, 19__ by and between Fred Meyer Inc., and its Affiliates, 3800 SE 22nd Portland, Oregon 97202, a corporate body of the State of Delaware, hereinafter referred to as "Fred Meyer", and _____ hereinafter, referred to as the "Contractor".

WHEREAS, Contractor is duly engaged in the Professional Data Processing Service business, including consulting, contract systems and programming, technical personnel assignments, including consulting facets of the computer and data processing services industries; and

WHEREAS, Fred Meyer desires to retain Contractor and Contractor wishes to be retained under the terms, covenants, and conditions hereinafter set forth in this agreement, and

NOW, for the reasons set forth above and in consideration of the mutual promises and agreements hereinafter set forth, the Contractor and Fred Meyer mutually understand and agree hereto as follows:

I. SCOPE

Contractor will provide qualified data processing personnel to perform consulting and technical tasks as required and directed by Fred Meyer.

This Agreement constitutes the entire Agreement between Fred Meyer and Contractor relating to the subject matter hereof and supersedes all proposals, oral and written, and all other communications between the parties relating to the subject matter of this Agreement. No other Agreement or understanding exists between Contractor and Fred Meyer relating to the subject matter of this Agreement. Except as otherwise provided herein, no amendment or modification of the Agreement shall be effective until reduced to writing and executed by the duly authorized representative of both parties.

II. ASSIGNED EMPLOYEES

Contractor and/or Contractor personnel will be, and will remain at all times during such Work Assignments, independent contractors. Contractor shall be solely responsible for the payment of wages, salaries and other amounts due its employees in connection with this agreement and shall be responsible for all reports and obligations respecting them relating to social security, income tax withholding, unemployment insurance, worker's compensation and similar matters. Contractor will secure and maintain adequate workmen's compensation insurance in accordance with the law of Oregon. Contractor further agrees to maintain comprehensive general liability and automotive liability and property damage.

MJ Exhibit 17 Page 65 of 415



Sample Contract Agreement continued

III. WORKING ARRANGEMENTS

Fred Meyer shall provide work space, computer machine time, security arrangements and materials necessary in conjunction with the fulfillment of Work Assignments.

Fred Meyer shall have direct supervision over the Work Assignment activities of Contractor, unless otherwise specified in scope of service.

Fred Meyer will designate a specific interface person to coordinate both administrative and technical matters prior to the beginning of a Work Assignment.

IV. TIME ACCOUNTING AND INVOICES

Contractor will submit, based on Fred Meyer fiscal month, time sheets and invoices for services rendered. The terms of the invoices shall be net cash, without discount, payable within 30 days after receipt of invoice by Fred Meyer.

Hourly rates are quoted on an individual basis depending on the scope of the Work Assignment and the individual skills required to fulfill the scope of Work Assignment. Hourly rate is _____.

Ninety (90) days written notice will be given prior to rate increases.

Any overtime authorized by Fred Meyer will be invoiced at the same hourly rate as regular time.

Reasonable expenses, if agreed to, will be recorded daily by Contractor and included with invoices for services. Contractor will be reimbursed in accordance with Fred Meyer travel policy.

V. DURATION OF SERVICES

The duration of Contractors involvement will be determined by Fred Meyer requirements. Each Work Assignment made will specify a period of continuous performance to be provided by Contractor. The minimum period of continuous performance will be one (1) calendar week unless otherwise specified in writing and acceptable to both parties.

VI. CONTINUATION OF SERVICES

Upon notification of extension from Fred Meyer to Contractor at least thirty (30) days prior to the expiration of a Work Assignment, Contractor will continue with Fred Meyer for a period to be agreed upon. The time shall be extended for a minimum of one (1) calendar week.



Sample Contract Agreement continued

VII. REDUCTION OF SERVICES

Upon written notification by the Fred Meyer to Contractor at least fifteen (15) days prior to a desired termination date, Fred Meyer may request reduction in the specified period of continuous performance. Either party can terminate this agreement at any time prior to the specified period of continuous performance. Such termination is to take effect fifteen (15) days following written receipt of termination notice. Fred Meyer can terminate Contractor services at anytime for non performance by oral notice to Contractor, with a written confirmation to follow.

VIII. RECIPROCITY OF EMPLOYEES

Fred Meyer and Contractor agree that it will not actively solicit for hire each others' employees unless parties agree in writing that certain individuals may be extended job offers.

IX. REPLACEMENT

Contractor reserves the right to replace individual staff members assigned to Fred Meyer when necessary (e.g. due to resignation, undue hardship, etc.). When replacement is necessary the rate for the replacement will remain the same or lower and an equally qualified staff member will be substituted. Contractor will inform Fred Meyer management of such replacement and Fred Meyer management can interview for technical qualifications.

X. PROPRIETARY INFORMATION

All computer programs, specifications, systems or data developed under this Agreement which are, under the terms of this Agreement, the proprietary information of Fred Meyer, either alone or jointly with another party, shall be held in confidence by Contractor. Upon the conclusion of any Work Assignment, or as requested by Fred Meyer, Contractor shall return to Fred Meyer all materials or documents provided to Contractor or produced by Contractor in connection with the Work Assignment.

All right, title, and interest of every kind and nature whatsoever in and to computer programs, software, firmware, inventions, patents, discoveries, improvements, developments, processes, formulae, methods, techniques, trade secrets, products, and research actually made, developed, or secured by Contractor, or demonstrably anticipated to be made, developed, or secured by Contractor in connection with the provision of services under this Agreement, shall be the sole and exclusive property of Fred Meyer, and shall be disclosed promptly to Fred Meyer. Nothing herein shall be construed to affect the existing ownership rights of Contractor with respect to existing inventions, technology, copyrights, or other intellectual property.

Contractor agrees not to make use of such information other than for the uses contemplated in this Agreement, to release it only to Contractors employees requiring such information, and not to release or disclose it to any other party. Contractor and its employees will treat all information and work products relating to Work Assignments as confidential. This paragraph survives past the life of this agreement.

MJ Exhibit 17 Page 67 of 415

FredMeyer**Sample Contract Agreement continued****XI. E.E.O.C.**

In compliance with the President's Committee on Equal Employment Opportunities and the American's Disabilities Act, Contractor pledges its best efforts to eliminate discrimination in employment. Contractor Work Assignments will be made solely on the basis of qualification without regard to race, color, creed, national origin, age or sex.

XII. PATENTS AND INVENTIONS

All work created pursuant to this agreement which may be protectable under copyright laws, shall be deemed to be "work made for hire" and will be owned by Fred Meyer; and in the event, Contractor assigns all copyrights in such work to Fred Meyer. Contractor shall cooperate with Fred Meyer in executing documents or otherwise taking action reasonably required to perfect or protect Fred Meyer's intellectual property ownership rights, with any of the documentation expenses of such cooperation to be paid by Fred Meyer. Nothing herein shall be construed to mean that Fred Meyer shall owe Contractor any additional compensation for its cooperation.

XIII. RECORDS

Contractor agrees to maintain books, records and documents and other evidence pertaining to the costs and expenses associated with the agreement, to the extent and in such detail as will properly reflect all costs, direct and indirect, of labor, materials, equipment, supplies, services and other costs and expenses of whatever nature for which reimbursement is claimed under the provision of this agreement.

XIV. TRAINING

Training required to perform the job function is to be paid by Contractor.

XV. ACCEPTANCE AND CORRECTIONS

If Contractor is notified in writing within 90 days after acceptance by Fred Meyer of any deliverable item as set forth in the Work Assignment that such deliverable item does not conform to the requirements of the Work Assignment, Contractor will make the necessary corrections at no additional charge.

V. GENERAL PROVISIONS

1. This agreement shall supersede all prior agreements between the parties with respect to the subject hereof. Additional agreements and documents between the parties such as proposals from Fred Meyer, written acceptances by the Contractor, or purchase orders may be attached as addendums to this agreement.

MJ Exhibit 17 Page 68 of 415

FredMeyer**Sample Contract Agreement continued**

2. This agreement does not constitute Contractor as, an agent, partner, or legal representative of Fred Meyer for any purpose whatsoever. It being understood between the parties hereto that Contractor is to act as an independent contractor and is not authorized to make any contract, agreement, warranty or representation on behalf of Fred Meyer. Nothing in this agreement shall be construed to place Fred Meyer and Contractor in a relationship of partners, joint venturers, principal and agent, or employer and employee. Neither party shall have the right to obligate the other party to any third party in any manner whatsoever.

3. Failure of either party to act or exercise his rights under this agreement upon the breach of any other terms, hereof, by the other party shall not be construed as a waiver or as such a breach or prevent said party from thereafter enforcing strict compliance with any or all of their terms thereof.

4. This agreement contains the entire agreement between the parties with the exception of those addenda which are an integral part of this agreement. Any representations, promises or conditions not incorporated herein or in the attached addenda shall not be binding upon the respective assigns and successors of Fred Meyer and Contractor.

5. Waiver of any breach of any term or condition of this agreement will not be deemed a waiver of any prior or subsequent breach.

6. If any provision herein is in conflict with any statute or rule of law, then such provision will be deemed inoperative to the extent that it may conflict therewith and will be deemed to be modified so as to conform with such statute or rule of law. If any term or condition of this agreement or application thereof to any person or circumstance is held invalid, such invalidity shall not affect other terms, conditions, or applications of this agreement.

7. All rights and remedies hereunder are cumulative and not exclusive.

8. This agreement is made under and shall be construed according to the laws of the State of Oregon.

9. Contractor agrees to defend, indemnify and hold Fred Meyer, its officers, directors, agents and employees, harmless from any claims or liabilities, including attorney's fees, costs and expense (in addition to statutory cost) at trial, on appeal, or on any petition for review, arising out of acts or omission of Contractor or its employees, or arising out of breach by Contractor of any provision of this agreement, or arising out of any claim that any work or materials delivered to Fred Meyer by Contractor pursuant to this agreement violate the intellectual property rights of any other party.

10. Contractor to supply source code and documentation to Customer and update periodically.

MJ Exhibit 17 Page 69 of 415



Sample Contract Agreement continued

11. Software Disable Switch. _____ agrees and warrants that no disabling procedures or devices are or will be imbedded in the software that could make the software inoperable.

12. "Contractor" shall include all officers, directors, employees, agents, sub-contractors, or others acting by, through, under, or at the direction of Contractor.

13. "Work Assignment" shall mean a specific project for which assignment of personnel is requested by Fred Meyer or a request from Fred Meyer for personnel for a specified period of time, or both, as appropriate. Fred Meyer shall specify the desired result of each Work Assignment.

14. "Confidential Information" shall mean confidential, proprietary information of and about Fred Meyer provided to Contractor in furtherance of a Work Assignment and any other information related to a Work Assignment or produced as part of the work performed in completing a Work Assignment.

Contractor

FRED MEYER, INC.

Signature

Signature

Print Name

Print Name

Title

Title

Date

Date

MJ Exhibit 17 Page 70 of 415

FredMeyer

FredMeyer



1.9 School-to-Work

(6/00)

Statement

Fred Meyer supports the federal legislation designed to facilitate students' attainment of high academic and occupational standards and to assist students with the transition from school to the world of work. This policy provides guidelines for employees involved in the supervision and/or coordination of Fred Meyer School-To-Work (STW) programs.

Scope

This policy applies to all Fred Meyer employees involved in the supervision or coordination of the Fred Meyer STW program.

Effective date

This policy is effective immediately and supersedes any previous policies.

Policy owner

Route all policy questions and suggested updates to the Group Vice President, Human Resources.

Violation of this policy

Employees who violate this policy will be subject to disciplinary action up to and including termination.

Background

The School-to-Work Opportunities Act, passed in 1994, established a national framework for the development of STW programs. This Act integrates work- and school-based learning and provides students an opportunity to increase their skills prior to entering the job market. In addition to transforming workplaces into active learning centers and assisting students to attain skills, this Act supports the goals specified in the Goals 2000: Educate America Act, which was also signed into law in 1994. The Goals 2000 Act calls for systemic education reform and is the cornerstone of a national strategy to enhance workforce skills.

In addition to national legislation, individual states are passing legislation that enhance educational outcomes through STW activities and career and workplace exposure.

MJ Exhibit 17 Page 72 of 415

Fred Meyer

Fred Meyer STW program

Fred Meyer STW program is designed to integrate occupational and academic learning for grades K-14 and to link high school and college education. By doing this, Fred Meyer helps make the student's learning at school more relevant and helps the student to see the connection between his/her education and the world of work. Partnerships are important to the STW program. Activities are developed and coordinated through active participation with local and state school officials and city, state and federal government agencies. The STW program benefits both the students and Fred Meyer as outlined below:

Fred Meyer benefits by...	Students benefit by...
<ul style="list-style-type: none"> ◆ Developing skilled, capable, and dedicated employees ◆ Providing for personnel needs in the stores ◆ Developing partnerships in the community ◆ Encouraging employees to develop their abilities 	<ul style="list-style-type: none"> ◆ Learning skills in the classroom they can apply on the job ◆ Developing skills in the work-place ◆ Gaining valuable work experience ◆ Utilizing the latest in retail technology ◆ Preparing for a career in retail management

Fred Meyer STW models

All STW activities must follow an approved model and must be coordinated through the Corporate Recruiting and Organizational Development Department or Regional Human Resource Supervisor when appropriate. The following table describes the Fred Meyer STW models:

Category	Model
Career Awareness: Introduces students to the world of work.	<ul style="list-style-type: none"> ◆ Guest speakers ◆ Junior Achievement
Career Exploration: Exposes students to a variety of career options	<ul style="list-style-type: none"> ◆ Informational interviews ◆ Site visitations ◆ Job shadows
Structured Work Experience: Develops and assesses skills according to individual learning	<ul style="list-style-type: none"> ◆ Work experience ◆ Internships
<i>Continued on the next page...</i>	

FredMeyer

Category	Model
Teacher Preparation: Exposes educators to the world of business	<ul style="list-style-type: none"> ◆ Teacher internships ◆ Site visitations
Education Awareness: Introduces business partners to school curriculum and environment	<ul style="list-style-type: none"> ◆ School visitations

Program safeguards

The following safeguards apply to STW programs and must be strictly followed by those supervising/coordinating STW programs:

- ◆ No student is to displace a current employee, even through partial displacement, such as reduction in hours of non-overtime work, wages, or employment benefits.
- ◆ Any STW activity that affects existing service contracts or collective bargaining agreements must be approved by Employee Relations.
- ◆ No student is to be employed, nor is a job opening to be filled, when any other individual is on temporary layoff, with the clear possibility of recall, from the same or any substantially equivalent job, or when the employer has terminated the employment of any regular employee or otherwise reduced its workforce with the intent of filling the vacancy created with a student.
- ◆ Students employed in a work experience program are to be provided with adequate and safe equipment and a safe and healthful workplace, in conformance with all health, safety, and labor standards under federal, state, and local law.
- ◆ Federal and/or state law provisions prohibiting discrimination on the basis of race, religion, color, ethnicity, national origin, gender, age, or disability are in no way modified or affected.
- ◆ Grant funds are not to be expended for students' wages.

Questions

If you have questions and/or need further information regarding the Fred Meyer STW models and how to schedule STW activities, contact the Corporate Recruiting Department or a Regional Human Resource Supervisor for details.

Fred Meyer
